

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Patent Application

Applicant(s) Tetsunosuke Fujisaki
Docket No.: YO999-527
Serial No.: 09/710,999
Filing Date: November 9, 2000
Group: 3692
Examiner: Subramanian, N

Title: Method and Apparatus for Network Marketing of Financial Securities

RESPONSE TO NOTIFICATION OF NON-COMPLIANCE WITH 37 C.F.R. §41.37

Mail Stop Appeal Brief-Patents
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Sir:

In response to the Notification of Non-Compliance with 37 C.F.R. §41.37, dated September 18, 2007, Applicants submit herewith a Twice Corrected Appeal Brief.

Respectfully submitted,

/Kevin M. Mason/

Dated: October 18, 2007

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5 Applicant(s): Tetsunosuke Fujisaki
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Group: 3624
10 Examiner: Narayanswamy Subramanian

Title: Method and Apparatus for Network Marketing of Financial Securities

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TWICE CORRECTED APPEAL BRIEF

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Sir:

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Applicant hereby submits this Twice Corrected Appeal Brief in response to the Notification of Non-Compliant Appeal Brief dated September 18, 2007. The original Appeal Brief was submitted on May 16, 2005 to appeal the final rejection dated December 20, 2004, of claims 1-5, 17-21, and 32 of the above-identified patent application.

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REAL PARTY IN INTEREST

The present application is assigned to International Business Machines Corporation, as evidenced by an assignment recorded on April 17, 2001 in the United States Patent and Trademark Office at Reel 011706, Frame 0713. The assignee, International Business Machines Corporation, is the real party in interest.

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RELATED APPEALS AND INTERFERENCES

There are no related appeals or interferences.

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STATUS OF CLAIMS

The present application was filed on November 9, 2000 with claims 1 through 35. Claims 6-16, 22-31, and 33-36 were cancelled in the Amendment and Response to Office Action dated October 14, 2004. Claims 1-5, 17-21, and 32 are
5 presently pending in the above-identified patent application. Claims 1-5 remain rejected under 35 U.S.C. §101 because they are directed to non-statutory subject matter. Claims 17-21 remain rejected under 35 U.S.C. §112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention, and claims 1-5, 17-21, and 32 remain rejected under 35 U.S.C.
10 §103(a) as being unpatentable over Woolston (United States Patent Number 6,266,651 B1) in view of Silverman et al. (United States Patent Number 5,924,082). Claims 1-5, 17-21, and 32 are being appealed.

STATUS OF AMENDMENTS

15 There have been no amendments filed subsequent to the final rejection.

SUMMARY OF CLAIMED SUBJECT MATTER

Independent claim 1 is directed to a method for processing transactions involving financial securities in a secondary market (page 6, lines 13-25), the method
20 comprising the steps of: establishing a plurality of market segments in the secondary market (FIG. 7: 700), each of the market segments having at least one market participant (FIG. 1: 400; page 12, lines 10-27); receiving a bid (FIG. 9A: 910) for one or more financial securities, the bid including one or more authorized market segments (page 7, line 22, to page 8, line 9; and page 9, lines 1-16); and posting the bid (FIG. 9A: 940) only
25 to the one or more authorized market segments (page 13, line 19, to page 14, line 18).

Independent claim 17 is directed to a system (FIG. 1: 300) for processing transactions involving financial securities in a secondary market (page 6, lines 13-25), comprising: a memory (FIG. 1: 320) that stores computer-readable code; and a processor (FIG. 1: 310) operatively coupled to the memory, the processor configured to implement
30 the computer-readable code, the computer-readable code configured to: establish a plurality of market segments in the secondary market (FIG. 7: 700), each of the market

segments having at least one market participant (FIG. 1: 400; page 12, lines 10-27); receive a bid (FIG. 9A: 910) for one or more financial securities, the bid including one or more authorized market segments (page 7, line 22, to page 8, line 9; and page 9, lines 1-16); and post the bid (FIG. 9A: 940) only to the one or more authorized market segments
5 (page 13, line 19, to page 14, line 18).

Independent claim 32 is directed to an article of manufacture processing transactions involving financial securities in a secondary market (page 6, lines 13-25), comprising: a computer readable medium having computer readable code means embodied thereon, the computer readable program code means comprising: a step to
10 establish a plurality of market segments in the secondary market (FIG. 7: 700), each of the market segments having at least one market participant (FIG. 1: 400; page 12, lines 10-27); a step to receive a bid (FIG. 9A: 910) for one or more financial securities, said bid including one or more authorized market segments (page 7, line 22, to page 8, line 9; and page 9, lines 1-16); and a step to post the bid (FIG. 9A: 940) only to the one or more
15 authorized market segments (page 13, line 19, to page 14, line 18).

In one exemplary embodiment, the method further comprises the step of preventing the bid from being posted to market participants not in the one or more authorized market segments (page 15, lines 12-16).

In one exemplary embodiment, the method further comprises the step of
20 comparing the bid to other pending bids to identify pending bids that are in proximity to the received bid (page 9, lines 1-16).

STATEMENT OF GROUNDS OF REJECTION TO BE REVIEWED ON APPEAL

Claims 1-5 are rejected under 35 U.S.C. §101 because they are directed to
25 non-statutory subject matter. Claims 17-21 are rejected under 35 U.S.C. §112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. Claims 1-5, 17-21, and 32 are properly rejected under 35 U.S.C. §103(a) as being unpatentable over Woolston in view of Silverman et al.

ARGUMENT

Section 101 Rejections

Claims 1-5 are rejected under 35 U.S.C. §101 because they are directed to non-statutory subject matter. Regarding claim 1, the Examiner asserts that the claim is drawn to a method for processing transactions involving financial securities that is not tied to any technological art and because they lack any recitation of technology in the body of the claims (citing *Ex Parte Bowman*, 61 USPQ2d 1669, 1671 (Bd. Pat. App. & Inter. 2001, but recognizing that this case is not precedential).

The Invention Accomplishes a Practical Application

Claim 1 is directed to a method for *processing transactions* involving financial securities in a secondary market and is directed to the technological arts. Applicant also notes that the Supreme Court has stated that the "[t]ransformation and reduction of an article 'to a different state or thing' is the clue to patentability of a process claim." *Gottshalk v. Benson*, 409 U.S. 63, 70, 175 U.S.P.Q. (BNA) 676 (1972). In other words, claims that require some kind of transformation of subject matter, which has been held to include intangible subject matter, such as data or signals, that are representative of or constitute physical activity or objects have been held to comply with Section 101. *See, for example, In re Warmerdam*, 31 U.S.P.Q.2d (BNA) 1754, 1759 n.5 (Fed. Cir. 1994) or *In re Schrader*, 22 F.3d 290, 295, 30 U.S.P.Q.2d (BNA) 1455, 1459 n.12 (Fed. Cir. 1994).

The cited claims require the posting of a received bid only to authorized market segments. This transformation to post bids in this manner is a useful, concrete, and tangible result. See, e.g., USPTO Examination Guidelines for Computer-Related Inventions," (hereinafter, "Guidelines") § II. A.

Statutory Process Claims

The Guidelines establish that "[t]o be statutory, a claimed computer-related process must either: (A) result in a physical transformation outside the computer for which a practical application in the technological arts is either disclosed in the specification or would have been known to a skilled artisan (discussed in i) below), or (B) be limited to a practical application within the technological arts (discussed in ii) below). Guidelines, § IV(2)(b). The Examiner has considered only the second portion of this test.

The claimed process clearly results in a physical transformation outside of a computer for which a practical application in the technological arts is either disclosed in the specification or would have been apparent to a person of ordinary skill in the art. Again, the cited claims require the *posting* of a received bid only to authorized market segments. Further, the receiving and posting steps are clearly physical steps recited in the body of the claim.

Thus, Applicant submits that each of the claims 1-5 are in full compliance with 35 U.S.C. §101, and accordingly, respectfully requests that the rejection under 35 U.S.C. §101 be withdrawn.

10 Section 112 Rejections

Claims 17-21 are rejected under 35 U.S.C. §112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. Regarding claim 17, the Examiner notes that claim 17 recites in the preamble “system for processing transactions involving financial securities” and asserts that it is not clear if the claimed invention is a method or an apparatus.

Claim 17 is clearly directed to a system. Contrary to the Examiner’s assertion, Applicant maintains that the cited claim is definite and distinctly claims the subject matter which applicant regards as the invention.

20 Claims 1, 2, 17, 18, and 32

Claims 1, 2, 17, 18, and 32 are rejected under 35 U.S.C. §103(a) as being unpatentable over Woolston in view of Silverman et al. Regarding claims 1, 17, and 32, the Examiner notes that Woolston teaches establishing a plurality of market segments in said secondary market (col. 1, lines 51-67, the tiers constitute the market segments and used goods imply secondary markets) and that both Woolston and Silverman are concerned with the problem of processing transactions involving two parties. Regarding claims 2 and 18, the Examiner asserts that Woolston teaches the step of preventing said bid from being posted to market participants not in said one or more authorized market segments (Woolston: claims 5 and 18). In the Response to Arguments section of the final Office Action, the Examiner asserts that the secondary markets for very illiquid securities are no different from the secondary markets for used and collectible goods.

Applicant notes that Woolston is directed to a two-tiered electronic market system for bidding on used and collectible goods (col. 1, lines 43-56). The present invention, on the other hand, is directed to bidding for *financial securities in a secondary market*. Applicant notes that the application of the known techniques cited in Woolston to secondary financial markets is not obvious. In fact, the secondary market for financial securities is *substantially different* from the marketplace for used and collectible goods disclosed by Woolston, as would be apparent to a person of ordinary skill in the art. For example, the secondary market for financial securities is characterized by price fluctuations that make it difficult to post bids and, since each financial security typically has its own set of requirements and risks, the evaluation and comparison of two different securities is nearly impossible. Regarding the Examiner's assertion that the secondary markets for very illiquid securities are no different from the secondary markets for used and collectible goods, Applicants note that the secondary market for used and collectible goods *are* similar, **in some respects**, to very illiquid securities. The fact that the secondary market for used and collectible goods are very illiquid reduces the requirements for a bidding system. Thus, while it may be argued that all financial securities are not necessarily liquid, the fact that some, or most, of financial securities are liquid means that the requirements for the bidding system are more stringent than the bidding system for the secondary market for used and collectible goods.

Furthermore, Woolston defines market segments along the lines of wholesale, retail, etc. (see, Abstract). The present invention defines a market segment as "a group of other market participants to which the respective *market participant is willing to announce its bids*." (Page 4, lines 18-20; emphasis added.) Thus, the segments defined by Woolston are *not* the same type of segments defined by the present invention. Independent claims 1, 17, and 32 require establishing a plurality of market *segments* in a *secondary market* for bidding on *financial securities*, receiving a bid for one or more financial securities, said bid including one or more *authorized market segments*; and posting said bid only to said one or more *authorized market segments*. Claims 2 and 18 require the step of preventing said bid from being posted to market participants not in said one or more *authorized market segments*.

Thus, Woolston does not disclose or suggest establishing a plurality of market segments in a secondary market, receiving a bid for one or more financial securities, said bid including one or more authorized market segments; and posting said bid only to said one or more authorized market segments, as required by independent
5 claims 1, 17, and 32, and does not disclose or suggest the step of preventing said bid from being posted to market participants not in said one or more authorized market segments, as required by claims 2 and 18.

Claims 3 and 19

Claims 3 and 19 are rejected under 35 U.S.C. §103(a) as being
10 unpatentable over Woolston in view of Silverman et al. Regarding claims 3 and 19, the Examiner asserts that Woolston discloses the step of comparing said bid to other pending bids to identify pending bids that are in proximity to said received bid (Woolston: claim 35).

Applicants note that Woolston teaches to selectively *displace the current*
15 *retail bid amount* if the *received wholesale bid increased by a predetermined amount is greater than the current retail bid* (Woolston: claim 35). Woolston may teach to displace a current bid based on a received bid; Woolston, however, does *not identify bids* that are in *proximity* to said received bid. Claims 3 and 19 require the step of comparing said bid to other pending bids to *identify pending bids* that are in proximity to said received bid.

20 Thus, Woolston does not disclose or suggest the step of comparing said bid to other pending bids to identify pending bids that are in proximity to said received bid, as required by claims 3 and 19.

Additional Cited References

Silverman et al. were also cited by the Examiner for its disclosure of the
25 step of establishing a communication channel between entities associated with two bids that are in proximity. Silverman is directed to a matching system that uses trading and ranking information from each user to identify transactions between counterparties that are mutually acceptable based on the ranking information, thereby matching potential counterparties to a transaction. (See, Abstract.) Silverman does not address the issue of
30 establishing a plurality of market segments in a secondary market for financial securities.

Thus, Silverman et al. does not disclose or suggest establishing a plurality of market segments in a secondary market, receiving a bid for one or more financial securities, said bid including one or more authorized market segments; and posting said bid only to said one or more authorized market segments, as required by independent claims 1, 17, and 32, does not disclose or suggest the step of preventing said bid from being posted to market participants not in said one or more authorized market segments, as required by claims 2 and 18, and does not disclose or suggest the step of comparing said bid to other pending bids to identify pending bids that are in proximity to said received bid, as required by claims 3 and 19.

10

Conclusion

The rejections of the cited claims under section §103 in view of Woolston or Silverman et al., alone or in combination, are therefore believed to be improper and should be withdrawn. The remaining rejected dependent claims are believed allowable for at least the reasons identified above with respect to the independent claims.

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The attention of the Examiner and the Appeal Board to this matter is appreciated.

Respectfully,

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Date: October 18, 2007

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APPENDIX

1. A method for processing transactions involving financial securities in a secondary market, said method comprising the steps of:
 - 5 establishing a plurality of market segments in said secondary market, each of said market segments having at least one market participant;
 - receiving a bid for one or more financial securities, said bid including one or more authorized market segments; and
 - posting said bid only to said one or more authorized market segments.
- 10 2. The method of claim 1, further comprising the step of preventing said bid from being posted to market participants not in said one or more authorized market segments.
- 15 3. The method of claim 1, further comprising the step of comparing said bid to other pending bids to identify pending bids that are in proximity to said received bid.
- 20 4. The method of claim 1, further comprising the step of establishing a communication channel between entities associated with two bids that are in proximity.
5. The method of claim 4, wherein two bids are in proximity if they have parameters that are within a given threshold of each other.
- 25 6. (Cancelled)
7. (Cancelled)
8. (Cancelled)
- 30 9. (Cancelled)

10. (Cancelled)

11. (Cancelled)

5 12. (Cancelled)

13. (Cancelled)

14. (Cancelled)

10 15. (Cancelled)

16. (Cancelled)

15 17. A system for processing transactions involving financial securities
in a secondary market, comprising:

a memory that stores computer-readable code; and

a processor operatively coupled to said memory, said processor configured
to implement said computer-readable code, said computer-readable code configured to:

20 establish a plurality of market segments in said secondary market, each of
said market segments having at least one market participant;

receive a bid for one or more financial securities, said bid including one or
more authorized market segments; and

post said bid only to said one or more authorized market segments.

25 18. The system of claim 17, wherein said processor is further
configured to prevent said bid from being posted to market participants not in said one or
more authorized market segments.

19. The system of claim 17, wherein said processor is further configured to compare said bid to other pending bids to identify pending bids that are in proximity to said received bid.

5 20. The system of claim 17, wherein said processor is further configured to establish a communication channel between entities associated with two bids that are in proximity.

21. The system of claim 20, wherein two bids are in proximity if they
10 have parameters that are within a given threshold of each other.

22. (Cancelled)

23. (Cancelled)

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24. (Cancelled)

25. (Cancelled)

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26. (Cancelled)

27. (Cancelled)

28. (Cancelled)

25

29. (Cancelled)

30. (Cancelled)

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31. (Cancelled)

32. An article of manufacture processing transactions involving financial securities in a secondary market, comprising:

a computer readable medium having computer readable code means embodied thereon, said computer readable program code means comprising:

5 a step to establish a plurality of market segments in said secondary market, each of said market segments having at least one market participant;

a step to receive a bid for one or more financial securities, said bid including one or more authorized market segments; and

10 a step to post said bid only to said one or more authorized market segments.

33. (Cancelled)

34. (Cancelled)

15

35. (Cancelled)

EVIDENCE APPENDIX

There is no evidence submitted pursuant to § 1.130, 1.131, or 1.132 or entered by the Examiner and relied upon by appellant.